

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re: Andrew F. Kuzy,)	Bankruptcy No. 18-21728-CMB
Colleen A. Kuzy,)	
)	
Debtors.)	Chapter 11
)	
)	

**DISCLOSURE STATEMENT
TO ACCOMPANY AMENDED PLAN DATED APRIL 5, 2019**

Debtors furnish this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating Debtors' proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.

Address for return of ballots:

Brian C. Thompson, Esquire
Thompson Law Group, P.C.
125 Warrendale Bayne Road, Suite 200
Warrendale PA 15086

I. Background

1. Name of Debtors

Andrew F. Kuzy and Colleen A. Kuzy

2. Type of Debtor

Debtors are married individuals residing in the Commonwealth of Pennsylvania.

3. Debtors' Business or Employment

Debtor Andrew F. Kuzy is employed full-time as a Funeral Assistant at Salandra Funeral Service, Inc. Debtor Colleen A. Kuzy is currently unemployed.

4. Date of Chapter 11 Filing:

Chapter 11 Bankruptcy filed on May 1, 2018.

5. Events that Caused the Filing:

The Debtors initiated this Chapter 11 case to reorganize his debts after falling behind on his financial obligations as a result of a decline in business revenue resulting from a general downturn in the economy.

6. Anticipated Future of the Debtors & Source of this Information and Opinion:

The Plan is to be implemented by the reorganized Debtors through future income of the Debtor derived by employment. Debtor anticipates income of approximately \$3,941.00 per month from his employment.

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan

A. Class 1, Administrative Claims (Unimpaired). Claims shall be paid in full as of the Plan effective date, if possible, or as soon thereafter as practicable. Other post-petition administrative claims, including counsel fees and quarterly fees to the United States Trustee will be paid as they become due from time to time and with prior Court approval if necessary.

B. Class 2, Secured Claims (Impaired).

1. Ally Bank

The secured claim of Ally Bank in the amount of \$4,955.81, minus any post filing, pre-confirmation payments made, secured against Debtors' 2014 Chevrolet Cruze, shall be paid 7% interest over 3 years, with 36 equal monthly payments of \$153.03, starting from the effective date of the plan, with lien retained until paid in full.

2. Key Bank, N.A.

The secured portion of Key Bank's claim in the amount of \$72,705.03 is secured against the residence of the Debtors known as 531 Warrick Drive, Washington PA 15301 and shall be paid 4% interest over 25 years, with 300 equal monthly payments of \$383.76, with lien retained until paid in full.

C. Class 3, Secured Claims (Unimpaired)

1. PNC Bank

The secured claim of PNC Bank in the amount of \$115,187.00 is secured against the residence of the Debtors known as 531 Warrick Drive, and shall be paid according to the original contract Debtors' entered into with PNC. Any arrears on this debt will be cured via loan modification. Debtors will have a deadline of sixty (60) days, or June 4, 2019, to seek loan modification terms with PNC. Should Debtors fail to seek loan modification by June 4, 2019, then Debtors will file an Amended Chapter 11 Plan by July 4, 2019.

D. Class 4, Secured Tax Claims (Impaired).

1. Pennsylvania Department of Revenue.

The secured claim of the Commonwealth of Pennsylvania for 2012 and 2014 Personal Income taxes in the amount of \$4,044.37 secured against 531 Warrick Drive, shall be paid at 6% interest over 5 years with 60 monthly payments of \$78.19.

2. Washington County Tax Authority

The secured claim of the Washington County Tax Authority for 2016, 2017, and 2018 Real Estate taxes in the amount of \$12,107.97 secured against 531 Warrick Drive, shall be paid at 10% interest over 5 years with 60 monthly payments of \$257.26.

E. Class 5, Priority Unsecured Claims (Impaired).

1. Pennsylvania Department of Revenue

The unsecured priority claim of the Pennsylvania Department of Revenue in the amount of \$3,273.46 shall be paid at 0% interest over 5 years, with 60 equal monthly payments of \$54.56.

Payments shall commence on the effective date and be paid before the 10th day of every month until the pre-petition unsecured priority claim is paid in full as outlined above.

F. Class 6, General Unsecured Creditors (Impaired).

Payment to the general unsecured pool will be \$3,500 to be paid in annual installments over 5 years.

This will result in 5 equal annual payments of \$700 to Class 6. The general unsecured creditors shall be paid a currently estimated 7% of their claims over 5 years.

8. Are All Monthly Operating Statements Current and on File with the Clerk of Court?

Yes X No _____

If Not, Explain:

9. Does the plan provide for releases of non-debtor parties? Specify which parties and terms of release.

No.

10. Identify all executory contracts that are to be assumed, assumed and assigned, or rejected.

None.

11. Has a bar date been set?

Yes, October 29, 2018 for governmental units and November 8, 2018 for all other creditors or parties in interest.

12. Has an election under 11 U.S.C. §1121(e) been filed with the Court to be treated as a small business?

Yes _____ No X _____

13. Specify property that will be transferred subject to 11 U.S.C. §1146.

While no property is currently contemplated to be sold in connection with 11 U.S.C. §1146, Debtors reserve their right to amend this Plan at any time to do so.

II. Creditors

A. Secured Claims

<u>Creditor</u>	<u>Total Amount of Claim</u> (Estimated or claimed)	<u>Arrearages</u>	<u>Type of Collateral</u> <u>Priority of Lien</u>	<u>Disputed</u> <u>Liquidated</u> <u>Unliquidated</u>	<u>Will Liens be</u> <u>Retained Under</u> <u>the Plan?</u>
<u>PNC Bank</u>	<u>\$115,187.00</u> (No claim filed)	<u>\$7,276.21</u>	<u>1st Mortgage – Debtors’</u> <u>residence located at 531</u> <u>Warrick Drive</u> <u>Washington, PA 15301</u>	<u>N/A</u>	<u>Y</u>
<u>Ally Bank</u>	<u>\$4,955.81</u> (Claim No. 1)	<u>\$2,020.51</u>	<u>Motor Vehicle title lien –</u> <u>2014 Chevrolet Cruze</u>	<u>N/A</u>	<u>Y</u>
<u>KeyBank, N.A.</u>	<u>\$102,585.92</u> (Claim No. 7)	<u>\$102,585.92</u>	<u>2nd Mortgage- Debtor’s</u> <u>residence located at 531</u> <u>Warrick Drive</u> <u>Washington, PA 15301</u>	<u>Disputed</u>	<u>Y</u>
<u>Pennsylvania</u> <u>Department of</u> <u>Revenue</u>	<u>\$4,044.37</u> (Claim No. 6)	<u>\$0.00</u>	<u>Judgment Lien – Debtor’s</u> <u>residence located at 531</u> <u>Warrick Drive</u>	<u>N/A</u>	<u>Y</u>

			<u>Washington, PA 15301</u>		
<u>Washington County Tax Authority</u>	<u>\$8,045.85</u> <u>(Claim No. 10)</u> <u>\$4,062.12</u> <u>(Property Taxes for 2018)</u>	<u>\$0.00</u>	<u>Property Tax Lien 2015-2017 – Debtor’s residence located at 531 Warrick Drive Washington, PA 15301</u>	<u>N/A</u>	<u>Y</u>
Total	\$238,881.07	\$111,882.64			

- | | | |
|----|---|--------------|
| 1. | Amount of Scheduled Secured Debt | \$192,013.25 |
| 2. | Amount of Known Unsecured Secured Claims ¹ | \$0.00 |
| 3. | Amount of Secured Claims Filed | \$119,631.95 |
| 4. | Amount Debtor Disputes (Investigation not complete) | \$0.00 |
| 5. | Estimated Allowable Secured Claims | \$234,818.95 |

B. Priority Unsecured Claims

- | | | |
|----|---|------------|
| 1. | Amount of Scheduled Priority Unsecured Debt | \$0.00 |
| 2. | Amount of Unsecured Unsecured Claims ² | \$0.00 |
| 3. | Amount of Priority Unsecured Claims Filed | \$3,273.46 |
| 4. | Amount Debtor Disputes (Investigation not complete) | \$0.00 |
| 5. | Estimated Allowable Priority Unsecured Claims | \$3,273.46 |

C. General Unsecured Claims

- | | | |
|----|--|-------------|
| 1. | Amount of Scheduled General Unsecured Debt | \$26,489.00 |
| 2. | Amount of Unsecured Unsecured Claims | \$29,880.89 |
| 3. | Amount of General Unsecured Claims Filed | \$25,095.59 |
| 4. | Amount Debtor Disputes | \$0.00 |
| 5. | Estimated Allowable General Unsecured Claims | \$54,976.48 |

D. Total Allowable Unsecured Claims

- | | | |
|----|---|-------------|
| 1. | Estimated Allowable Priority Unsecured Claims | \$3,273.46 |
| 2. | Estimated Allowable General Unsecured Claims | \$54,976.48 |
| 3. | Total Allowable Unsecured Claims | \$58,249.94 |

III. Assets

Assets	Fair Market Value	Basis for Value	Name of Lienholder(s) and Amount of Secured Claim	Amount of Debtor's Equity (Value Minus Liens)
--------	-------------------	-----------------	---	---

¹ Includes a.) unsecured claims filed by unsecured creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

² Includes a.) unsecured claims filed by unsecured creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

Residence – 531 Warrick Drive, Washington, PA 15301	\$200,000.00	Debtor's opinion and/or comparable sales	PNC Bank Home Mortgage \$115,187.00 (Unfiled claim) KeyBank Business Loan \$102,585.92 (POC 7) Pennsylvania Department of Revenue \$4,044.37 (POC 6) Washington County Tax Authority \$8,045.85 (POC 10)	\$0.00
2018 Hyundai Tucson	\$14,863.00	Debtor's opinion and/or comparable sales	None	\$14,863.00
2014 Chevy Cruze	\$6,907.00	Debtor's opinion and/or comparable sales	Ally Bank Lien \$4,955.81 (POC 1)	\$1,951.19
Household goods and furnishings/furniture	\$400.00	Debtor's opinion	None	\$0.00
Electronics/cell phones/computers	\$250.00	Debtor's opinion	None	\$0.00
Personal Clothing	\$150.00	Debtor's opinion	None	\$0.00
Wedding rings, costume jewelry and other misc. jewelry	\$500.00	Debtor's opinion	None	\$0.00
Slovenian Savings and Loan Checking Account	\$300.00	Debtor's opinion/estimation	None	\$0.00
Slovenian Savings and Loan Savings Account	\$5,000.00	Debtor's opinion/estimation	None	\$0.00
Total	\$228,370.00			\$16,814.19

- Are any assets which appear on Schedule A or B of the bankruptcy petition or subsequent amendments not listed above?

No.

If so, identify asset and explain why asset is not in estate:

- Are any assets listed above claimed as exempt? If so, attach a copy of Schedule C and any amendments.

Yes.

IV. Summary of Plan

- Effective Date of Plan: Within thirty (30) days of the date of the confirmation order.

2. Will cramdown be sought? Yes, if votes needed to confirm Plan are not obtained.

3. Treatment of Secured Non-Tax Claims

Name of Creditor	Amount Owed	Summary of Proposed Treatment
KeyBank	\$102,585.92 (POC 7)	To be paid \$72,705.03 according to modified terms in the Plan.
Ally Bank	\$4,955.81 (POC 1)	To be paid in full according to modified terms in the Plan
PNC Bank	\$115,187.00 (unfiled claim)	To be paid in full according to contract terms

4. Treatment of Secured Tax Claims

Name of Creditor	Amount Owed	Summary of Proposed Treatment
Commonwealth of Pennsylvania	\$4,044.37	To be paid in full according to modified terms in the Plan
Washington County Tax Authority	\$12,107.97	To be paid in full according to modified terms in the Plan

5. Treatment of Administrative Non-Tax Claims³

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
Thompson Law Group, P.C.	\$20,000.00 Approximately	Attorney for the Debtors – legal fees	Will be paid on plan effective date and thereafter, only with prior court approval.
U.S. Trustee	\$0.00	U.S. Trustee Fees	Will be paid in full on a quarterly or in accordance with applicable guidelines.

*Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

**Type of Debt (P=Professional, TD=Trade, TX=Taxes)

6. Treatment of Administrative Tax Claims

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
None			

7. Treatment of Priority Non-Tax

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
None				

8. Treatment of Priority Unsecured Tax Claims⁴

³ Include all § 503(b) administrative claims

⁴ Include dates when any § 507(a)(7) taxes were assessed.

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
Pennsylvania Department of Revenue	5	\$3,273.46		To be paid in full in accordance with terms in Plan

9. Treatment of General Unsecured Non-Tax Claims

Creditor	Class	Total Amount Owed	Percent of Dividend
Merrick Bank (POC 2)	6	\$984.69	7% estimated
American Express National Bank (POC 3)	6	\$1,322.09	7% estimated
American Express National Bank (POC 4)	6	\$9,932.18	7% estimated
American Express National Bank (POC 5)	6	\$669.33	7% estimated
State Farm Bank (POC 8)	6	\$871.05	7% estimated
Capital One, N.A. (POC 9)	6	\$980.73	7% estimated
Portfolio Recovery Associates (POC 11)	6	\$1,162.46	7% estimated
UPMC Physician Services	6	\$123.20	7% estimated
UPMC Health Services	6	\$240.00	7% estimated
LVNV Funding, LLC	6	\$764.01	7% estimated
Key Bank (unsecured portion of POC 7)	6	\$29,880.89	7% estimated
Total		\$46,930.63	7% estimated

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
None.			

11. Will Periodic payments be made to unsecured creditors?

Yes X No _____ First payment to begin on the effective date and on the first of the year, every year for 5 years.

If so:

Amount of each payment (aggregate to all unsecured claimants): \$700

Estimated date of first payment: effective date.

Time period between payments: 1 year.

Estimate date of last payment: 5 years of the effective date.

Contingencies, if any: None known at this time.

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements: Source of funds for plan payments will be derived from Debtor's employment income wages.

Other significant features of the plan:

N/A

Include any other information necessary to explain this plan:

N/A

V. Comparison with Chapter 7 Liquidation

If Debtors' proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtors' non-exempt assets. In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

Total value of Chapter 7 estate (See III)	\$228,370.00
Total value of secured claims	\$238,881.07
Less the secured claims	-\$10,511.07
Total value of exemptions from Schedule C	\$39,831.75
Less the exemptions	-\$50,342.82
Total value of administrative expenses (See IV)	\$20,000.00
Less administrative expenses	-\$70,342.82
Total value of priority unsecured claims (See IV)	\$3,273.46
Less priority unsecured claims	-\$73,616.28
 Total Amount Available for Distribution to Unsecured Creditors:	 \$0.00
 Total allowable unsecured claims (See Section II C)	 \$58,249.94
 Percentage of Dividend to Unsecured Creditors:	 0%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes X No

Explain: Liquidation under chapter 7 would result in smaller distributions and possibly no distributions to some creditors, as the case may be, compared to those distributions provided for in this Plan because of Debtors' exemptions, as well as the costs and fees of administering a liquidation of Debtor's assets. The Plan not only preserves the best value of the Estate, it also provides for the most effective and efficient disposition and administration of the Debtor's assets. The likelihood of no other claims being paid, except for some secured claims, is very likely under this scenario.

VI. Feasibility

- A. If prepared, Income Statements for Prior 12 Months are available on the Court Docket.
- B. If Prepared, Cash Flow Statements for Prior 12 months are available on the Court Docket.
- C. Attach Cash Flow Projections for Next 12 months.

Estimated amount to be paid on effective date of plan, including administrative expenses.

\$22,117.18

Show how this amount was calculated.

\$20,000.00	Administrative Class (estimated) – Debtor’s counsel may agree to receive regular payments over time to facilitate the plan confirmation process should funds not be available to pay this claim in full.
\$ 383.76	KeyBank (secured)
\$ 528.00	PNC Bank
\$ 153.03	Ally Financial
\$ 257.26	Washington County
\$ 78.19	Pennsylvania Department of Revenue (secured)
\$ 54.46	Pennsylvania Department of Revenue (priority unsecured)
\$ 700.00	Unsecured creditors
\$ 0.00	UST Fees
\$22,154.70	TOTAL

What assumptions are made to justify the increase in cash available for the funding of the plan? A reduction and modification of outstanding secured debts.

Cash on hand \$2,000.00	Current (Counsel’s escrow account – redacted version available upon request)
Cash on hand \$22,000.00	(Estimated amount available on date of confirmation)

Will funds be available in the full amount for administrative expense on the effective date of the plan? Unknown at this time. From what source? See above. If not available, why not and when will payments be made? N/A.

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
None		

VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. What, if any, Litigation is pending?

Caption of Suit and Case Number	Nature of Proceedings	Court of Agency Location	Status or Disposition
None at this time.			

2. What, if any, Litigation is Proposed or Contemplated? Disputed unsecured Proofs of Claim

IX. Additional Information and Comments

X. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

Date: April 5, 2019

/s/Andrew F. Kuzy

Signature of Debtor

/s/Colleen A. Kuzy

Signature of Debtor

Date: April 5, 2019

/s/Brian C. Thompson

Brian C. Thompson, Esquire

PA-91197

THOMPSON LAW GROUP, P.C.

125 Warrendale Bayne Road, Suite 200

Warrendale, PA 15086

724-799-8404 Telephone

724-799-8409 Facsimile

bthompson@thompsonattorney.com

Post Petition Periods	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Total Cash Flow from Income:	\$3,352.14	\$4,270.23	\$3,312.79	\$4,411.00	\$3,867.58	\$3,783.38	\$5,402.25	\$8,117.16
Less Total Disbursements Excluding PMTS to Creditors In a Plan	\$3,352.14	\$2,576.60	\$3,246.65	\$5,105.32	\$3,486.71	\$3,538.44	\$4,328.46	\$4,591.31
Total Net Cash Flow	0.00	\$1,693.63	\$66.14	(\$694.32)	\$380.87	\$244.94	\$1,073.79	\$3,525.85

Post Petition Periods	JAN	FEB						
Total Cash Flow from Income:	\$4,305.25	\$6,372.96						
Less Total Disbursements Excluding PMTS to Creditors In a Plan	\$4,616.85	\$6,738.48						
Total Net Cash Flow	(\$311.60)	(\$365.52)						

Definitions:

Total Projected Cash Flow from Operations: Total amount of projected funds collected in a specific period from cash sales, collection of accts receivable, and other income, excluding loan proceeds, cash contributions from insiders, and sales taxes collected.

Total disbursements excluding payments to creditors in a plan: Total projected disbursements in a specific period for production costs, general and administrative costs, excluding payments to creditors to be paid under the terms of the proposed plan.

Document Page 13 of 14
PROJECTED SUMMARY

Post Petition Periods	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Total Projected Cash Flow from Operations:	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Less Total Projected Disbursements Excluding PMTS to Creditors In a Plan	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700
Anticipated Cash Flow Available for Plan	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500

Definitions:

Total Projected Cash Flow from Operations: Total amount of projected funds collected in a specific period from cash sales, collection of accts receivable, and other income, excluding loan proceeds, cash contributions from insiders, and sales taxes collected.

Total disbursements excluding payments to creditors in a plan: Total projected disbursements in a specific period for production costs, general and administrative costs, excluding payments to creditors to be paid under the terms of the proposed plan.

PLAN FEASABILITY

Post Petition Periods	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Anticipated Receipts Available for Plan:	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Less Proposed Plan Payments:	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70	\$1,454. 70
Overage/(Shorta ge) of Cash Flow Available to Fund Plan	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30	\$45.30